

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

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Recent economic trends

*In this number:
Recent trends in the Community's
external trade*

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Decline in industrial production in April. — The index of industrial production in the Community (s.a.) fell by 1,3 % from March to April 1984 and the trend, measured as the moving average over three months of the seasonally adjusted series, fell for the second consecutive month. A strong decline from March to April was recorded in France (3,0 %) mainly as a consequence of the social conflict in the field of transportation, and in Italy where strikes in the transportation sector and prolongation of the Easter holiday may have exerted a dampening influence on production in the industrial sector. Also the United Kingdom recorded a decline (0,2 %) in industrial production while the industrial production of Germany, despite a decline of 3,3 % in March, rose by only 0,4 % in April. For the Community as a whole industrial production in April 1984 was only 1,9 % higher than a year earlier.

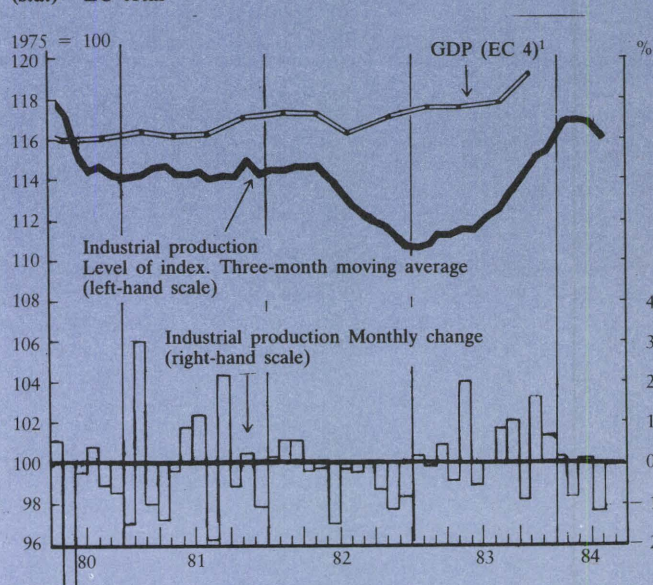
No change in the rate of unemployment. — The rate of unemployment in the Community (s.a.) in May was unchanged (at 11,1 %) for the third consecutive month but was nevertheless some 6 % higher than a year earlier. Among the Member States Belgium and the United Kingdom recorded a small rise in the rate of unemployment from April to May while the other Member States showed unchanged or declining unemployment rates.

Little change in the trend rate of inflation. — The index of consumer prices in the Community in May rose by 0,5 % as against an increase of 0,8 % in April. This slowdown, however, was fully of a seasonal nature: adjusted for the normal seasonal fluctuations the rate of increase in consumer prices was approximately the same (0,5 %) in the two months and only marginally lower than the seasonally adjusted increase during the preceding five months. The trend rate of inflation measured as the seasonally adjusted rate of change over 6 months at annual rate, nevertheless fell slightly. The index of consumer prices in the Community in May was

7,5 % higher than a year earlier with changes ranging from 2,9 % in Germany to 16,8 % in Greece.

Slow rate of monetary expansion in the first quarter of 1984. — The monetary expansion in the Community slowed down in the early months of 1984: the money supply (M2/3 s.a.) for

GRAPH 1 : Industrial production and gross domestic product (s.a.) - EC total



¹ France, Germany, Italy and UK; quarterly figures

the EC as a whole rose by 1,1 % between the fourth quarter of 1983 and the first quarter of 1984 or considerably less than the average rate of increase in the preceding quarter. Among the Member States only Belgium, Denmark and Greece recorded significant increases in the supply of money on average for the first three months of 1984.

Interest rates still firm but increasingly decoupled from US rates. — The average of short-term interest rates in the Community fell in June by two tenths of a percentage point to 10,4 %, just marginally above the level of a year earlier. Meanwhile average short-term US interest rates rose during the year in question from 8,7 % to 9,9 % implying a growing decoupling of European credit policy, admittedly also at the price of some depreciation of the ECU against the dollar during the year. The margin over the short-term interest rate in the United States thus narrowed to 0,5 points, or 1,1 points less than in June 1983. The average of long-term rates in the Community fell from 12,1 % in May 1983 to 11,9 % this year, while in the United States the comparable long-term rate rose by 3,1 points to 13,3 % opening up a differential in favour of the ECU of 4,5 points.

Little change in the dollar/ECU exchange rate between May and June. — The value of the ECU in terms of US dollars on average for the month of June — at 0.816 — stayed close to the average for May while the value of the ECU against the yen rose somewhat (Table A.9). In trade-weighted terms the value of the ECU rose by 0.6 and the value of the US dollar by 0.4 while the value of the yen fell by 1 % between May and June. Within the EMS exchange rate agreement the relative position of the participating currencies changed only little during the month of June, with the exception of the lira, which strengthened somewhat as from mid-month.

Recent trends in the Community's external trade

Stability in the overall trade balance in 1983. — The Community's visible trade balance (fob/cif) in the fourth quarter of 1983 showed a seasonally adjusted deficit¹ of 4 075 million ECU or slightly less than in the preceding quarter. Compared with the fourth quarter of 1982 the trade balance in the fourth quarter of 1983 showed an improvement of 2 000 million ECU corresponding to 8 000 million ECU at an annual rate (graph 2 and Table A.5). According to a preliminary estimate the overall trade deficit (intra and extra EC trade) of the Community rose to more than 5 000 million ECU in the first quarter of 1984 reflecting, notably, a deterioration of the trade balance of France and Italy while the trade surplus of Germany increased by almost 1 100 million ECU from the fourth quarter level (see below). Due to the statistical discrepancy involved in counting exports on a fob basis and imports on a cif basis the aggregate trade balance for the EC as a whole is not equivalent to the aggregate trade balance with the rest of the world. The latter showed a somewhat larger deficit (5 800 million ECU) in the fourth quarter of 1983 and the fluctuations from quarter to quarter do not always follow the same pattern as the aggregate of the total trade balance. Since the period of large trade deficits following the second oil price increase, the two trade balance concepts have, however, shown a broadly similar improvement: the aggregate overall trade deficit thus was reduced from 47 800 million ECU in 1980 to 19 300 million ECU in 1983 while the aggregate trade deficit with the rest of the world (extra EC trade) was reduced from 53 300 million ECU in 1980 to 25 400 million ECU in 1983.

Large changes in the bilateral trade balances with non-EC countries. — While the trade deficit with the rest of the world fell only little in the course of 1983 the bilateral trade balances with the main trading blocks showed relatively large changes. The trade surplus with the rest of the European OECD countries thus fell by as much as 2 000 million ECU from 1982/Q4 to 1983/Q4 as a consequence, in particular, of a substantial deterioration in the Community's trade balance with Norway (see Table 1). In the first quarter of 1984, although figures are not available for the Community as a

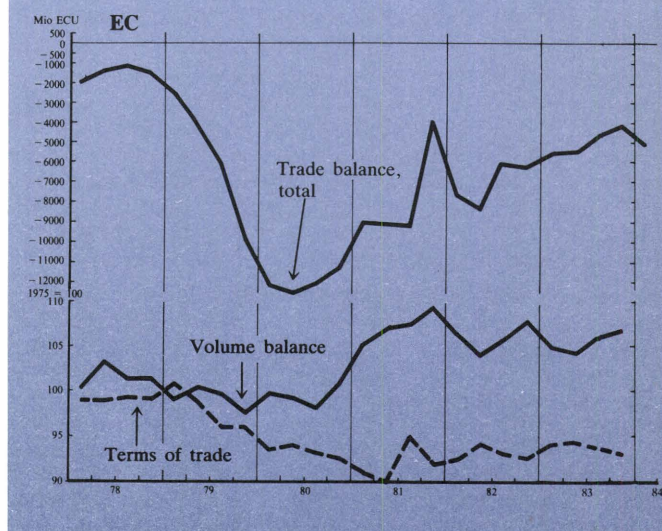
whole, some levelling off in the fall in the trade surplus is suggested, while the UK deficit has continued to widen.

The trade balance with the non-European OECD countries, on the other hand, showed a marked improvement — mainly a reflexion of the development of the trade with the United States which, after having resulted in a deficit of 4 500 million ECU in the third quarter of 1980, improved to a deficit of 1 900 million in the fourth quarter of 1982 and further to a small surplus (100 million) in the last quarter of 1983 (see Graph 4). On the basis of incomplete data, this trend continued in the first quarter of 1984 with strong increases in exports from France, Germany and the United Kingdom while imports from the US were sluggish in all countries except in the United Kingdom. The trade balance with Japan, on the other hand, showed no signs of improving in 1983, but in the first quarter of 1984 there are indications of a slowdown in imports from Japan while exports of Community countries remain buoyant. The trade deficit with the OPEC countries rose somewhat between the second and the fourth quarter of 1983 in response to a certain increase in the import price for oil in ECU terms, reflecting the rise in the value of the dollar rather than a change in the dollar price of oil. In addition, in the early part of 1984 there is evidence of a further widening in the deficit in a number of Community countries, as exports to OPEC countries slow down appreciably. The trade surplus with the non-oil-exporting developing countries showed some tendency to decline in the course of 1983, presumably in response to the pick-up of activity in the Community and the ensuing rise in the imports of raw materials, while the trade deficit with the State-trading countries narrowed.

The balance of trade in manufactured products improves in the fourth quarter of 1983. — Although the movements in the trade balances for the main commodity groups are rather subdued the changes in the pattern of world trade caused by the large rise in imports to the US were reflected notably in a rise in the Community's trade surplus in manufactured products between the second and the fourth quarters of 1983. Much of the ground lost in the course of 1982 was thus regained in the fourth quarter of 1983. The trade deficit in energy products on the other hand rose from the second quarter of 1983 to the fourth quarter and the trade deficit in raw materials excluding fuels and foodstuffs also widened somewhat in the course of the year.

Some widening of trade disequilibria within the Community in early 1984. — While the year 1982 was marked by large trade imbalances within the Community, with notably a record high trade surplus of Germany and an equally high trade deficit for France, a certain convergence was recorded in 1983. Available data for the first quarter of 1984, however, suggest that the trend towards a reduction of trade imbalances within the EC was partly reversed.

GRAPH 2 : Overall trade balance (intra and extra) and components (s.a.) - EC total



¹ All figures given in this section are adjusted for seasonal fluctuations.

TABLE 1 : EC trade balance (fob/cif) and breakdown by zones and commodity groups

	1979	1980	1981	1982	1983	1982				1983			
						I	II	III	IV	I	II	III	IV
EC total trade balance	-23,0	-47,8	-32,0	-27,5	-19,3	-7,7	-8,5	-6,0	-6,1	-5,4	-5,4	-4,5	-4,1
of which : extra EC trade	-26,9	-53,3	-37,3	-36,3	-25,4	-9,9	-9,5	-9,0	-7,6	-8,2	-6,4	-5,8	-6,0
Terms of trade (total trade) (1975 = 100)	99,2	94,6	90,6	92,3	93,5	91,5	93,4	92,8	91,9	93,9	94,4	93,5	93,1
Volume balance (total trade) (1975 = 100) ¹	98,0	98,3	106,7	106,0	106,2	107,1	104,6	106,0	108,0	105,0	104,6	106,3	107,0
EC trade balance with :													
— Other European OECD countries :	9,8	11,4	9,6	9,8	4,3	1,5	2,1	3,1	2,9	1,8	0,9	0,8	0,9
of which : — Norway	-1,9	-3,1	-4,3	-4,5	-7,1	-1,3	-1,1	-1,0	-1,2	-1,5	-1,7	-1,8	-2,1
— Sweden	0,1	0,2	-0,1	0,8	0,3	0	0,1	0,2	0,5	0,2	-0,1	0	0,2
— Finland	-1,3	-1,0	-1,1	-0,8	-1,1	-0,4	-0,2	-0,1	-0,1	-0,2	-0,2	-0,3	-0,3
— Austria	3,7	4,3	4,1	4,0	4,6	1,0	1,0	1,0	0,9	1,0	1,1	1,1	1,3
— Switzerland	5,3	7,1	5,4	5,6	4,7	1,0	1,2	1,8	1,6	1,3	1,1	1,4	1,0
— Spain	-0,2	-0,5	0,2	0,1	-0,2	0,1	0	-0,1	0	0,1	0	-0,2	-0,2
— Portugal	0,6	0,9	1,6	1,4	0,6	0,4	0,3	0,4	0,3	0,2	0,2	0,1	0,1
— Non-European OECD countries	-19,8	-29,7	-24,7	-23,9	-16,9	-5,8	-7,0	-6,0	-5,4	-6,3	-4,8	-3,6	-3,1
of which : — United States	-8,9	-17,0	-12,4	-10,9	-3,2	-2,7	-3,6	-2,9	-1,9	-2,6	-1,2	-0,1	0,1
— Japan	-5,7	-8,6	-10,6	-11,6	-13,3	-2,8	-3,0	-2,7	-3,0	-3,1	-3,2	-3,4	-3,5
— Central planned economy	-0,6	-2,9	-4,9	-9,2	-7,6	-2,6	-2,7	-2,3	-1,8	-1,5	-1,9	-1,9	-1,7
— OPEC countries	-20,7	-30,9	-21,9	-16,3	-9,1	-4,0	-2,9	-4,9	-4,4	-3,0	-2,0	-2,2	-2,7
— Developing countries (excl. OPEC)	1,5	-1,1	4,8	4,5	3,9	1,2	1,1	0,8	1,3	0,8	1,3	1,0	0,7
EC trade balance by commodity groups (extra EC trade)													
— Food	-11,0	-8,5	-5,1	-8,1	-9,0	-1,8	-2,4	-2,3	-1,7	-2,2	-2,2	-2,2	-2,5
— Raw materials (excl. fuel)	-22,3	-24,2	-24,1	-24,2	-25,4	-6,5	-6,3	-5,9	-5,7	-6,0	-6,2	-6,2	-6,8
— Fuel	-51,2	-76,9	-88,2	-88,7	-80,2	-23,6	-21,8	-21,6	-21,8	-20,9	-18,9	-19,1	-20,3
— Manufactured products	60,2	63,4	85,0	91,7	90,1	23,7	23,5	21,9	22,4	21,9	21,7	21,9	23,3

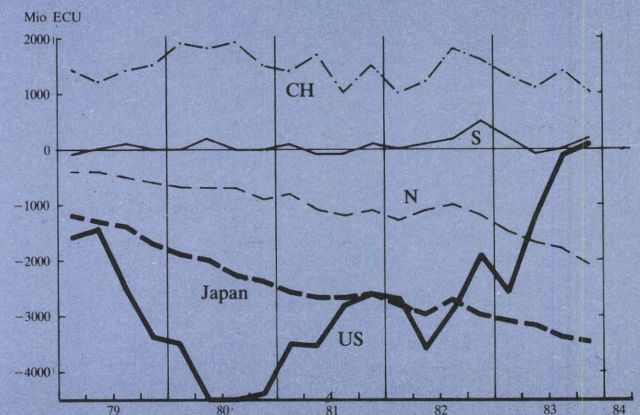
¹ Index of volume export / Index of volume import.

The visible trade surplus of **Germany**, which stayed close to 6 000 million ECU (quarterly rate) during the second half of 1982 and up to the first quarter of 1983, fell sharply in the subsequent two quarters. After little change from the third to the fourth quarter the German trade surplus, however, rose again to reach the level of 5 100 million ECU (graph 6). These changes reflected mainly fluctuations in the volume of exports and imports.

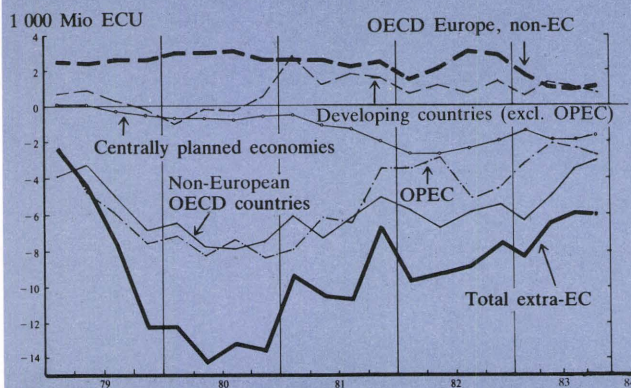
The visible trade deficit of **France** which had risen to 6 850 million ECU in the fourth quarter of 1982 fell markedly in the following quarters to a low of 2 500 million in the fourth quarter of 1983. In the first quarter of 1984, however, the deficit rose again to a level of 4 000 million ECU. As volume and price developments are only known up to and including the fourth quarter of 1983 it is not possible, for the time being, to analyse further the recent deterioration in the French trade balance.

The trade deficit of **Italy** in 1983 amounted to 8 500 million ECU, down 4 000 million from the level of 1982 and some 7 000 million from the peak level of 15 300 million recorded in 1981. The quarterly results showed some fluctuation in the course of 1983 although around a declining trend with the deficit down to 1 562 million in the fourth quarter. The latter result, however, was mainly the result of a terms of trade improvement (see graph 8).

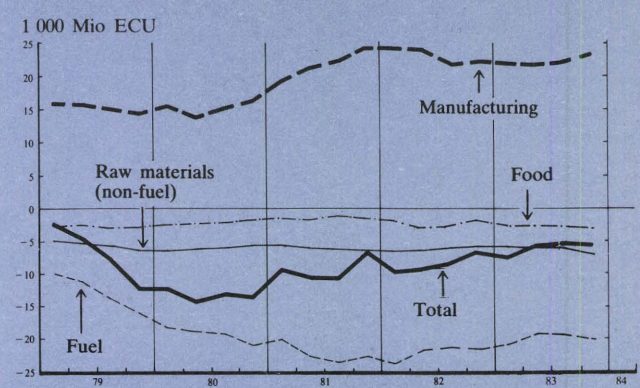
GRAPH 4 : EC trade balance with selected OECD countries - EC 10



GRAPH 3 : EC trade balance with non-EC countries by economic zones (s.a.) - EC 10



GRAPH 5 : Trade balance with non-EC countries by classes of goods (s.a.) - EC 10

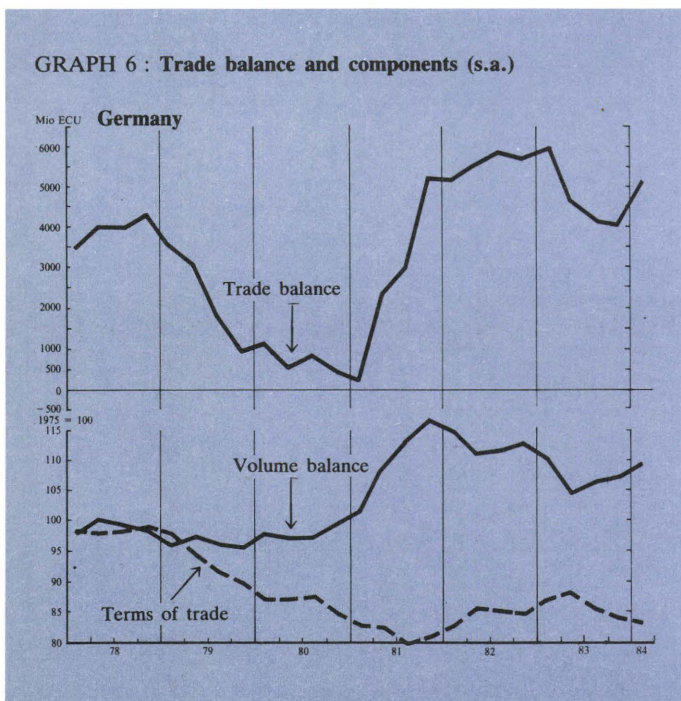


The visible trade balance of the **United Kingdom** has shown sizeable fluctuations over the last two years with a deterioration in 1981 and the first half of 1982 followed by a marked improvement in the second half of 1982 and a new, sharp deterioration in the first half of 1983 as economic activity in the United Kingdom recovered well ahead of that in the rest of the Community. Since the second quarter of 1983, however, the United Kingdom trade deficit has oscillated in a rather narrow range around 2 600 million ECU, the outcome for the first quarter of 1984 amounting to 2 668 million ECU. Among the other Member States the **Belgium-Luxembourg Economic Union** recorded a deterioration of its trade balance in the course of 1983 mainly as a result of adverse terms of trade developments. The trade deficit of **Denmark** after having fluctuated from quarter to quarter in 1983 rose sharply in the first quarter of 1984 principally as a result of a deterioration of the volume balance (the terms of trade

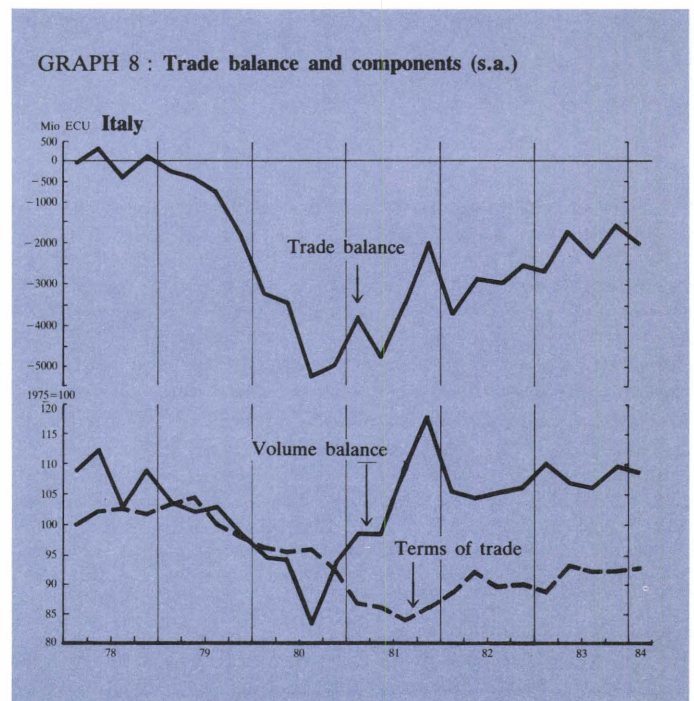
actually improved by more than 2 % from the fourth quarter of 1983 to the first quarter of 1984). The trade deficit of **Greece** for 1983 as a whole was not substantially different from the one recorded for 1982 and showed little change in trend up to and including the first quarter of 1984. Both the volume balance and the terms of trade of Greece show large quarterly fluctuations which are difficult to interpret in terms of underlying economic tendencies. The visible trade deficit of **Ireland** was substantially reduced both in 1982 and in 1983 as a whole (see Table A.5) but rose somewhat in the second half of the latter year. The trade surplus of the **Netherlands**, finally, rose significantly for 1983 as a whole but showed some deterioration on average for the second half over the first half of 1983, mainly as a consequence of a small deterioration of the terms of trade.

20 July 1984.

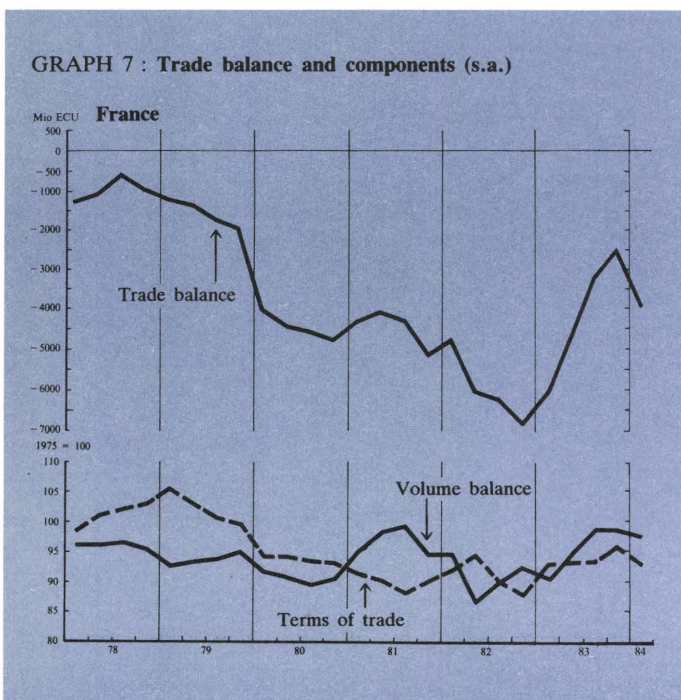
GRAPH 6 : Trade balance and components (s.a.)



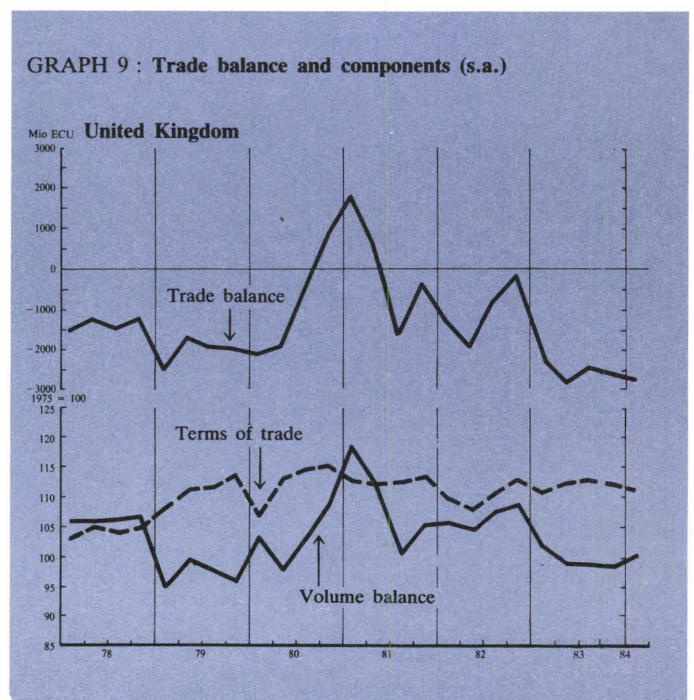
GRAPH 8 : Trade balance and components (s.a.)



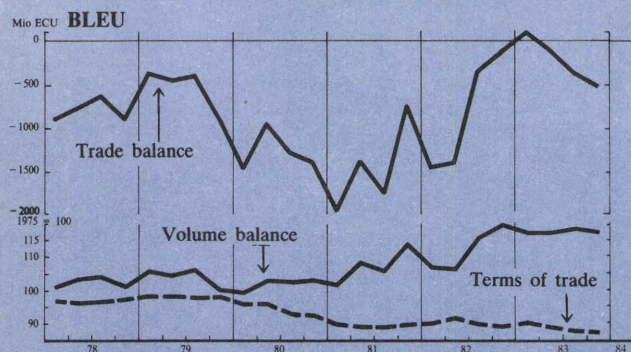
GRAPH 7 : Trade balance and components (s.a.)



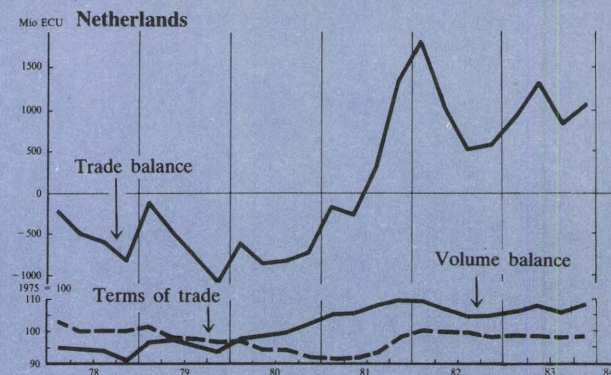
GRAPH 9 : Trade balance and components (s.a.)



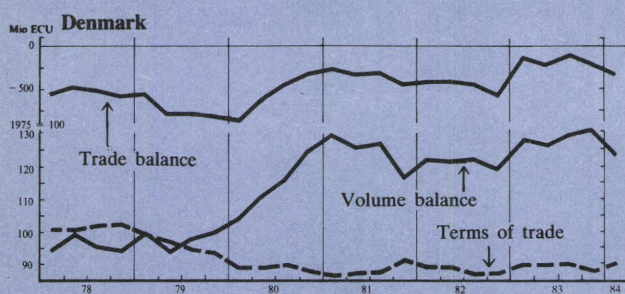
GRAPH 10 : Trade balance and components (s.a.)



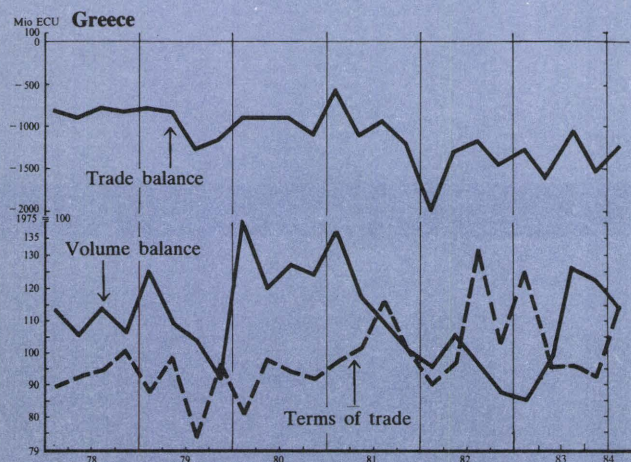
GRAPH 14 : Trade balance and components (s.a.)



GRAPH 11 : Trade balance and components (s.a.)



GRAPH 12 : Trade balance and components (s.a.)



GRAPH 13 : Trade balance and components (s.a.)

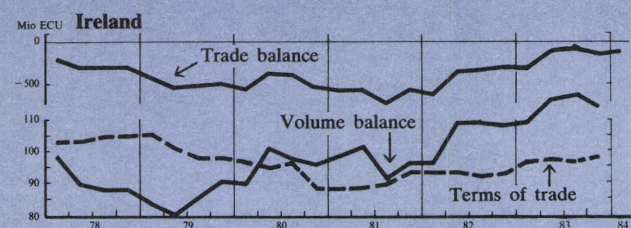


TABLE A.1 : Industrial production¹ - Percentage change on preceding period (s.a.)

	1979	1980	1981	1982	1983	1983				1984		1983			1984				Change over 12 months % ²
						I	II	III	IV	I		Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	4.5	-1.2	-2.7	0	2.1	1.0	-0.3	2.2	1.2	2.3		1.7	1.6	-3.3	2.1	1.5	2.6	...	7.9
DK	3.6	0.2	0.3	2.4	3.3	1.4	2.1	-0.1	1.7	3.5		-5.9	7.3	0.3	0.7	1.7	-2.4	...	4.4
D	5.1	0.2	-1.9	-2.9	0.6	1.6	2.0	-0.1	2.8	1.1		0.2	1.7	0.5	0	2.1	-3.3	0.4	3.0
GR	6.0	0.9	-0.6	-4.2	-0.7	1.5	-2.4	0.4	1.9	1.9		1.5	-0.8	-2.1	6.4	2.7	-2.6	...	-2.0
F	4.7	-0.7	-2.3	-1.5	(0.8)	0.8	1.0	0.8	-0.3	1.5		-1.6	3.9	-0.8	0.8	-0.8	1.5	-3.0	0
IRL	7.7	-0.8	0.6	-0.4	6.6	5.1	-2.9	3.7	3.4	3.2		0.7	0.6	8.4	-6.5	3.8	5.5	...	15.0
I	(6.8)	5.5	-1.6	-3.0	-3.2	(1.2)	(-2.6)	(2.6)	(0.5)	(1.0)		(1.3)	(2.5)	(-3.1)	(1.7)	(-1.0)	(3.7)	(-4.4)	(-1.2)
L	3.4	-3.3	-6.8	-3.7	1.1	-1.2	2.6	2.6	9.2	...		5.0	-0.8	8.9	...	...	...	...	37.4
NL	4.1	-1.0	-2.0	-4.1	2.1	2.5	2.1	-1.4	1.7	4.8		0	2.1	2.1	3.0	-1.0	1.0	-2.0	1.0
UK	3.8	-6.5	-3.7	1.8	2.9	1.4	-0.1	2.1	1.4	0.1		0.3	0.3	1.5	0.4	-1.5	-1.0	-0.2	1.4
EC	4.7	-0.5	-2.3	-1.6	0.9	0.6	0.9	1.2	1.6	(0.8)		-0.9	1.8	0.7	(0.3)	(-0.9)	(0.2)	(-1.3)	(1.9)
USA	4.7	-4.5	2.5	-8.5	7.8	2.9	4.9	5.3	2.4	(3.0)		0.8	0.1	0.3	(1.7)	(1.4)	(0.5)	(1.5)	(15.2)
JAP	7.3	4.7	1.0	0.4	3.5	0.9	1.5	3.4	(2.5)	(3.2)		(-1.2)	(2.1)	(0.5)	(0.7)	(2.7)	(-1.3)	(0.8)	(11.0)

TABLE A.2 : Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1979	1980	1981	1982	1983	1983				1984		1983			1984				Change over 12 months % ²
						I	II	III	IV	I		Nov.	Dec.		Jan.	Feb.	March	April	
B	(8.4)	(9.1)	(11.2)	(13.1)	14.4	14.2	14.3	14.6	14.7	14.5		14.7	14.6		14.5	14.5	14.5	14.4	1.2
DK	5.8	6.7	8.9	9.5	(10.2)	9.9	10.3	10.3	10.2	(10.3)		10.1	9.9		10.2	(10.2)	(10.4)	(10.4)	(-0.7)
D	3.3	3.3	4.7	6.8	8.4	8.5	8.6	8.6	8.4	8.5		8.3	8.4		8.4	8.5	8.5	8.5	-0.7
GR	6.0	6.4	7.8	8.8	9.0	9.0	8.9	8.9	9.1	9.6		9.2	9.3		9.3	9.6	9.8	10.0	13.3
F	7.4	8.3	10.2	12.3	15.0	14.3	14.9	15.3	15.6	16.2		15.6	15.8		16.1	16.2	16.3	16.4	10.9
IRL	7.5	8.0	8.8	10.5	11.8	11.6	11.8	11.9	12.1	12.5		12.2	12.2		12.3	12.5	12.7	12.9	9.8
I	0.7	0.7	1.0	1.3	1.6	1.5	1.5	1.6	1.7	1.8		1.7	1.7		1.8	1.9	1.7	1.7	8.8
L	(5.5)	(6.2)	(8.8)	(11.7)	14.0	13.5	13.9	14.4	14.6	14.8		14.6	14.7		14.8	14.8	14.7	14.8	7.2
NL	4.9	(6.3)	(9.2)	(10.6)	(11.5)	(11.3)	(11.6)	(11.5)	11.6	11.8		11.5	11.6		11.7	11.8	11.8	11.8	3.1
EC	(5.5)	(6.1)	(7.8)	(9.4)	(10.6)	10.4	10.6	10.6	10.7	11.0		10.7	10.8		(10.8)	(11.0)	(11.1)	(11.1)	(5.9)
USA	5.8	7.1	7.6	9.7	9.6	10.4	10.1	9.4	8.5	7.9		8.4	8.2		8.0	7.8	7.8	7.8	(-24.3)
JAP	2.1	2.0	2.2	2.4	2.7	2.6	2.6	2.7	2.6	2.7		2.6	2.6		2.7	2.7	2.7	2.6	(-1.3)

TABLE A.3 : Consumer price index - Percentage change on preceding period

	1979	1980	1981	1982	1983	1983				1984		1983			1984				Change over 12 months % ²
						I	II	III	IV	I		Nov.	Dec.		Jan.	Feb.	March	April	
B	4.5	6.6	7.6	8.7	7.7	1.7	1.3	2.5	1.2	1.9		0.5	0.2		0.9	0.8	0.4	0.7	7.2
DK	9.6	12.3	11.7	10.1	6.9	0.8	1.5	1.2	2.0	1.5		0.9	0		0.3	1.1	0.4	0.3	6.7
D	4.1	5.5	5.9	5.3	2.9	0.5	0.6	1.0	0.5	1.0		0.2	0.2		0.5	0.3	0.1	0.2	2.9
GR	19.0	24.9	24.5	21.0	20.5	5.4	6.9	0.8	5.8	4.1		1.3	1.6		1.2	0.4	3.2	1.9	16.8
F	10.7	13.6	13.4	12.0	9.4	2.6	2.8	2.1	1.9	1.7		0.4	0.3		0.7	0.7	0.6	0.6	(7.2)
IRL	13.2	18.2	20.4	17.2	10.2	2.5	2.8	2.9	1.8	2.4		(0.6)	(0.8)		(0.8)	(0.8)	(0.8)	(0.8)	9.7
I	14.8	21.2	19.5	16.4	14.7	3.6	2.9	2.3	3.5	2.9		1.1	0.4		1.2	1.2	0.7	0.7	(11.4)
L	4.5	6.3	8.1	9.4	8.7	2.0	0.9	2.7	2.3	1.4		0.5	0.5		0.6	0.6	-0.1	0.6	7.7
NL	4.3	7.0	6.8	6.0	2.8	0.1	0.7	0.9	1.0	0.7		0.1	0		0.2	0.4	0.5	0.5	3.7
UK	13.4	18.0	11.9	8.6	4.6	0.5	2.0	1.3	1.1	0.6		0.4	0.3		0	0.4	0.3	1.3	5.1
EC	10.4	14.3	12.9	11.0	8.5	2.0	2.3	1.7	2.0	1.7		0.6	0.3		0.7	0.7	0.6	0.8	(7.5)
USA	11.3	13.5	10.3	6.2	3.2	0	1.3	1.2	0.9	1.1		0.2	0.1		0.6	0.5	0.2	0.5	4.2
JAP	3.6	8.0	5.0	2.6	1.7	-0.4	1.1	-0.4	1.2	0.3		-0.6	-0.3		0.3	0.6	0.3	0.3	1.7

TABLE A.4 : Volume of retail sales - Percentage change on preceding period (s.a.)

	1979	1980	1981	1982	1983	1983				1984		1983			1984				Change over 12 months % ²
						I	II	III	IV	I		Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	3.9	1.2	-3.3	-1.3	-7.8	-4.8	-5.4	3.0	-3.7	...		-6.7	6.0	-4.4	...	...	...	...	-7.5
DK	2.3	-1.5	-0.6	1.7	1.6	2.5	-2.6	4.7	-1.7	1.9		-5.3	4.0	-2.4	...	...	...	...	3.1
D	2.6	0.2	-1.4	-3.6	0.9	2.2	1.2	-1.7	-0.4	1.1		-4.9	2.7	-1.0	...	...	...	...	1.6
GR	...	-3.5	-3.3	-3.6	-1.4	-0.3	-1.8	1.4	-1.7	4.8		0.9	-6.3	2.3	...	...	...	...	0.1
F	0.6	-1.9	-2.2	1.3	-3.1	-1.0	-2.2	-0.4	-2.2	1.4		-5.4	3.7	0.2	...	...	...	...	-4.0
IRL	...	...	-0.6	-5.4	-0.6	-0.9	-5.0	0.2	3.5	...		1.3	-0.4	-0.1	...	...	...	...	-5.1
I	...	...	2.9	3.9	2.4	-0.4	0.7	2.4	1.9	...		-0.7	1.4	0.4	...	...	...	...	4.2
L	...	...	4.0	4.6	-4.8	-2.6	-1.2	-0.7	-1.2	1.0		-5.4	1.0	0.4	...	...	...	...	-4.3
NL	...	...	-3.6	-2.9	-2.0	0.4	-1.5	0.5	-2.3	...		-6.5	4.5	-0.6	...	...	...	...	-1.7
UK	...	...	0.4	2.1	5.3	1.5	1.8	0.8	1.9	-1.6		-0.9	1.7	0.1	...	...	...	...	4.7
EC	...	...	-0.7	0.2	0.5	0.4	-0.1	0.4	-0.1	...		-3.4	2.4	-0.3	...	...	...	...	(1.1)
USA	2.2	-2.9	1.1	-1.0	6.7	1.1	3.6	1.0	2.5	(2.8)		1.3	1.1	0.4	...	...	...	...	(9.1)
JAP	3.8	-1.1	1.8	0.7	1.0	1.9	-0.2	2.1	-1.0	(3.4)		2.7	-2.6	0.2	...	...	...	...	(2.9)

TABLE A.5 : Visible trade balance - fob/cif, million ECU (s.a.)

	1979	1980	1981	1982	1983	1983				1984		1983				1984				Change over 12 months % ³
						I	II	III	IV	I		Oct.	Nov.	Dec.	Jan.	Feb.	March	April		
B/L	-2064	-4993	-5418	-3082	-1321	170	-176	-373	-501	:		-325	54	-230	:	:	:	:	:	-147
DK	-3022	-2116	-1475	-1866	-740	-174	-240	-115	-244	-377		-73	10	-181	:	-129	-159	-89	-105	-66
D	8939	3615	11239	21599	18501	5945	4614	4112	4053	5113		1428	1302	1323		1462	2068	1584	1167	-30
GR	-4162	-3853	-3951	-5826	-5800	-1270	-1664	-1052	-1550	-1239		-355	-340	-854		-544	-392	-303	:	118
F	-6194	-16948	-17283	-24457	-15628	-6095	-4301	-3137	-2507	-3977		-705	-1175	-626		-1453	-1437	-1088	-1072	127
IRL	-1947	-1893	-2467	-1574	-621	-298	-92	-53	-139	-116		-73	-67	1		-63	-91	39	23	29
I	-3893	-15307	-13554	-12513	-8516	-2651	-1887	-2369	-1562	-2201		-438	189	-1314		-397	-628	-1176	:	-896
NL	-2622	-2981	1320	3500	4499	944	1270	843	1099	:		0	600	498		:	:	:	:	187
UK	-7998	-3353	-445	-3295	-9681	-2182	-2781	-2465	-2573	-2668		-1365	-925	-282		-1271	-249	-1148	-1551	-580
EC ⁸	-22962	-47829	-32033	-27515	-19308	-5396	-5354	-4491	-4076	(-5095)		-1944	-345	-1787		(-2384)	(-708)	(-2003)	:	(-967)
USA	-27146	-26113	-35538	-43518	-77969	-11506	-17941	-22955	-26373	(-35850)		-9737	-8442	-8193		-11771	-12144	-11935	(-14426)	(-9317)
JAP	-5541	-7707	7832	7034	(23072)	4440	5705	6571	(6432)	:		-1750	2511	2171		(2945)	(2803)	(2914)	:	(1328)

TABLE A.6 : Money stock⁹ - Percentage change on preceding period (s.a.)

		1979	1980	1981	1982	1983	1983				1984	1983			1984					Change over 12 months % ⁴
							I	II	III	IV	I	Nov.	Dec.	Jan.	Febr.	March	Apr.	May		
B	(M2)	6,2	2,7	5,9	5,9	8,7	0,6	1,5	3,62,8		2,7	::		:	:	:	:	:	8,7	
DK	(M2)	10,6	7,8	9,0	11,5	24,7	5,9	7,7	5,24,5		2,8	-0,14,3		0,8	1,2	0,9	0,5	2,1	20,1	
D	(M3)	6,0	6,2	4,8	7,1	5,7	2,5	1,0	1,40,6		0,2	00,1		-0,1	0,1	0,1	1,2	-0,2	3,8	
GR	(M3)	18,4	24,7	34,7	29,0	(19,9)	1,8	4,9	4,46,7		4,2	1,22,9		1,0	(2,1)	(1,1)	(4,0)	:	(26,1)	
F	(M2R)	14,7	10,0	11,5	11,7	(11,1)	2,9	1,9	1,54,5		(1,1)	1,61,2		0	0	(1,2)	:	:	(9,3)	
IRL	(M3)	19,0	17,9	17,6	12,9	5,6	-0,9	1,7	1,23,5		0	2,41,2		1,7	-1,5	-0,1	0,8	0,6	5,8	
I	(M2)	20,3	12,7	10,0	17,0	13,2	2,0	3,6	4,52,9		1,9	-0,42,6		0,7	0,1	1,1	0,7	:	12,9	
NL	(M2)	7,0	3,8	5,3	8,8	10,6	5,5	2,6	1,11,6		-0,1	1,9-0,5		-0,7	1,1	-0,6	:	:	4,6	
UK	(£M3)	11,7	19,6	13,9	10,3	10,8	2,4	3,9	1,03,1		1,7	0,21,7		0,3	0,1	1,3	0,4	0,9	8,7	
EC ¹⁰		11,9	10,9	9,7	10,9	(9,8)	2,6	2,5	1,92,6		(1,1)	0,51,2		0,2	0,2	(0,7)	:	:	(7,7)	
USA	(M2)	7,9	8,9	10,1	9,2	11,7	5,2	2,4	1,52,2		1,5	0,70,6		0,5	0,7	0,3	:	:	7,8	
JAP	(M2)	9,1	7,2	11,0	7,9	7,3	1,9	1,7	2,01,5		:	0,80,8		0,6	1,1	:	:	:	8,0	

TABLE A.7 : Short-term interest rates¹¹

	1979	1980	1981	1982	1983	1983			1984		1983	1984						Change over 12 months % ⁵
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	Apr.	May	June	
B	10.9	14.2	15.6	14.1	10.5	9.5	9.3	11.0	12.4	11.9	11.0	11.0	12.5	12.4	11.9	11.9	11.9	1.6
DK	12.5	16.9	14.9	16.4	12.1	5.4	13.7	13.1	11.4	11.7	13.1	12.5	11.0	11.4	12.6	10.5	11.7	6.3
D	6.9	9.5	12.3	8.8	5.8	5.6	5.8	6.5	5.8	6.1	6.5	6.1	5.9	5.9	5.8	6.1	6.1	0.5
GR	:	11.0	16.8	20.2	19.4	14.0	11.8	10.0	15.8	14.6	10.0	13.3	17.3	15.8	14.0	17.4	14.6	0.6
F	9.8	12.3	15.6	14.6	12.5	12.6	12.6	12.3	12.6	12.2	12.3	12.3	12.6	12.6	12.4	12.4	12.2	-0.4
IRL	16.0	16.2	16.6	17.5	14.1	13.7	12.6	12.3	13.0	12.4	12.3	12.4	12.7	13.0	12.8	12.4	12.4	-1.3
I	12.0	17.6	20.0	20.1	18.1	17.8	17.5	17.9	17.4	16.9	17.9	17.9	17.2	17.4	17.4	16.9	16.9	-0.9
NL	9.6	10.6	11.8	8.3	5.7	5.4	6.2	6.1	6.1	6.1	6.1	6.0	6.0	6.1	5.9	6.2	6.1	0.7
UK	13.9	16.8	14.2	12.2	10.1	9.7	9.7	9.4	8.9	9.5	9.4	9.4	9.3	9.0	8.9	9.8	9.5	-0.2
EC ¹²	10.3	13.4	15.0	13.2	10.8	10.3	10.5	10.6	10.5	10.4	10.6	10.6	10.6	10.5	10.4	10.6	10.4	0.1
USA	10.1	11.6	14.0	10.6	8.7	8.7	8.8	9.0	9.7	9.9	9.0	8.9	9.1	9.7	9.7	9.8	9.9	1.2
JAP	5.9	10.9	7.4	6.9	6.4	6.2	6.5	6.4	6.0	:	6.4	6.1	6.0	6.0	5.9	5.7	:	-0.4

TABLE A.8 : Long-term interest rates¹³

	1979	1980	1981	1982	1983	1983			1984	1983		1984					Change over 12 months % ⁵
						I	II	III/IV	I	Nov./Dec.	Jan.	Febr.	March	Apr.	May		
B	9.7	12.2	13.8	13.5	11.8	12.5	11.6	11,411.9	12.2	11,811.9	12.0	12.4	12.2	12.1	12.2	0.6	
DK	16.7	18.7	19.3	20.5	14.4	14.7	14.3	13,712.6	14.0	13,912.6	12.9	13.4	14.0	13.6	14.3	0.6	
D	7.4	8.5	10.4	9.0	7.9	7.4	8.0	8,38.2	7.9	8,18.2	8.2	8.0	7.9	7.9	8.0	0.4	
GR	11.2	17.1	17.7	15.4	18.2	17.9	18.0	18,819.7	19.6	19,319.7	21.1	19.9	19.6	19.6	19.5	1.3	
F	10.9	13.7	16.3	16.0	14.4	14.7	14.5	14,014.0	14.0	14,114.0	13.8	13.9	14.0	13.8	13.8	-0.8	
IRL	15.1	15.4	17.2	17.0	13.9	14.0	13.6	13,714.2	14.1	13,714.2	13.9	14.2	14.1	14.1	14.5	1.0	
I	14.1	16.1	20.6	20.9	18.0	18.2	17.9	17,617.4	15.4	17,417.4	16.6	15.9	15.4	15.4	15.2	-2.6	
L	6.8	7.4	8.6	10.4	9.8	10.4	9.8	9,39.5	10.1	9,59.5	9.7	10.0	10.1	10.2	10.4	0.2	
NL	9.2	10.7	12.2	10.5	8.8	8.0	9.7	9,18.9	8.7	8,98.9	8.9	8.7	8.7	8.8	8.9	-0.3	
UK	13.0	13.9	14.8	12.7	10.8	10.8	10.5	10,510.2	10.2	10,210.2	10.4	10.4	10.2	10.6	11.2	0.8	
EC ^{10/12}	10.9	12.7	14.9	14.0	12.2	12.1	12.2	12,011.9	11.5	11,911.9	11.8	11.4	11.5	11.6	11.9	-0.2	
USA	8.7	10.8	12.9	12.2	10.8	10.3	10.6	11,311.4	11.9	11,211.4	11.3	11.8	11.9	12.7	13.3	3.1	
JAP	7.7	9.2	8.7	8.1	7.4	7.6	7.5	7,36.9	6.6	7,16.9	6.9	6.9	6.6	6.7	7.3	-0.3	

TABLE A.9 : Value of ECU - 1 ECU = ... units of national currency or SDR

	1979	1980	1981	1982	1983	1983			1984		1983	1984						Change over 12 months % ²
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	Apr.	May	June	
BFR/LFR	40.17	40.60	41.29	44.68	45.44	45.22	45.69	45.94	45.90	45.59	45.96	46.07	45.96	45.69	45.61	45.59	45.55	0.3
DKR	7.21	7.83	7.92	8.15	8.13	8.08	8.18	8.17	8.18	8.20	8.18	8.18	8.19	8.18	8.21	8.20	8.20	0.7
DM	2.51	2.53	2.51	2.38	2.27	2.27	2.28	2.26	2.24	2.24	2.26	2.26	2.24	2.23	2.23	2.24	2.23	-1.7
DR	50.78	59.24	61.62	65.30	78.09	76.67	76.50	81.11	84.90	88.46	81.19	82.33	84.45	87.91	88.50	88.19	88.69	17.8
FF	5.83	5.87	6.04	6.43	6.77	6.81	6.85	6.88	6.90	6.87	6.89	6.90	6.91	6.88	6.87	6.88	6.87	0.4
IRL	0.669	0.676	0.691	0.690	0.715	0.718	0.723	0.727	0.728	0.730	0.727	0.729	0.728	0.729	0.729	0.729	0.730	1.4
LIT	1138	1189	1263	1324	1350	1347	1355	1371	1382	1382	1370	1371	1385	1388	1382	1383	1382	2.5
HFL	2.75	2.76	2.78	2.62	2.54	2.55	2.55	2.53	2.53	2.52	2.54	2.54	2.53	2.52	2.52	2.52	2.52	-1.1
UKL	0.646	0.598	0.553	0.561	0.587	0.586	0.570	0.574	0.579	0.591	0.573	0.571	0.577	0.591	0.594	0.587	0.592	2.9
USD	1.371	1.391	1.116	0.981	0.890	0.912	0.861	0.840	0.832	0.825	0.822	0.804	0.831	0.860	0.845	0.815	0.816	- 8.6
YEN	300.5	315.0	245.4	243.5	211.4	216.6	208.7	196.3	191.9	189.5	192.6	188.0	194.0	193.8	190.2	187.9	190.4	-11.1
SDR	1.061	1.068	0.946	0.888	0.833	0.846	0.817	0.802	0.792	0.789	0.788	0.776	0.792	0.808	0.799	0.783	0.788	- 6.0

TABLE A.10 : Effective exchange rates: export aspect¹⁴ - Percentage change on preceding period

	1979	1980	1981	1982	1983	1983			1984		1983	1984						Change over 12 months % ²
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	Apr.	May	June	
B/L	1.2	-0.5	-5.3	-9.2	-2.5	-1.1	-1.8	-1.1	-0.1	-0.6	-0.3	-0.6	0.8	1.1	-0.1	-0.4	0.2	-1.6
DK	-0.8	-7.9	-6.8	-4.0	-0.1	-1.2	-2.7	-0.4	-0.5	-0.3	-0.8	-0.5	0.7	0.8	-0.7	-0.7	0.3	-2.7
D	4.8	0.4	-5.2	5.1	4.2	0.3	-1.8	0.1	0.3	0.4	-0.5	-0.5	1.6	1.4	-0.5	-1.2	0.5	-0.1
GR	-5.4	-13.5	-9.4	-7.3	-18.0	2.2	-0.8	-6.3	-5.2	-4.1	-0.8	-2.1	-1.5	-3.2	-1.2	-0.4	-0.3	-17.0
F	0.9	0.4	-8.6	-8.0	-6.7	-5.3	-2.0	-1.2	-0.5	0.4	-0.7	-0.9	1.1	1.3	-0.3	-1.1	0.5	-2.3
IRL	0.2	-2.0	-8.3	-1.1	-3.4	-5.4	-2.5	-0.9	-0.2	0.2	-0.4	-0.9	1.6	0.7	-0.2	-1.0	0.3	-2.4
I	-3.2	-3.7	-12.2	-6.7	-3.5	-2.5	-1.9	-2.0	-1.3	-0.1	-0.7	-0.8	0	0.6	0	-0.9	0.3	-4.8
NL	1.8	0.1	-5.0	5.5	2.3	-1.6	-0.9	0	-0.1	0.4	-0.5	-0.5	0.9	1.1	-0.3	-0.7	0.3	-0.3
UK	6.2	10.1	1.1	-4.6	-7.0	4.9	1.2	-1.7	-1.6	-2.2	-1.4	-0.4	0.1	-1.6	-1.2	0.3	-0.8	-5.9
ECU	5.9	2.2	-14.9	-5.5	-5.3	-2.3	-3.6	-2.5	-1.5	-0.5	-1.9	-1.7	2.2	1.6	-1.1	-1.9	0.6	-6.8
USA	-3.3	-0.3	14.0	12.1	7.1	2.8	3.9	0.6	0.8	1.0	1.7	1.3	-1.9	-2.4	1.2	2.9	0.4	6.3
JAP	-7.1	-4.1	14.0	-4.8	11.5	1.3	0.6	4.5	2.2	1.3	1.7	1.2	-1.4	2.1	1.1	-0.6	-1.0	7.9

Major economic policy measures — June 1984

Community (EC)

4.6 The Council (Economic and Financial Affairs) held a policy debate on the Commission's proposal providing, among other things, for a new ceiling of 8 000 million ECU (instead of the present 6 000 million ECU) on the Community loan mechanism.

The President closed the debate by concluding that the Council agreed to the proposed 2 000 million ECU increase. The Council will be considering the matter again in the light of Parliament's opinion.

Belgium (B)

None.

Denmark (DK)

None.

Federal Republic of Germany (D)

28.6 The Central Council of the Bundesbank (Zentralbankrat) decided to raise the discount rate from 4 to 4,5 % with effect from 29 July 1984 and to keep the Lombard rate unchanged. The re-discount quotas were enlarged by DM 8 000 million with effect from 6 July 1984.

Ireland (IRL)

None.

Italy (I)

None.

Luxembourg (L)

16.5 Under the provisions of a law published on 16 May, personal income tax payers may set against their taxable incomes an allowance to cover amounts invested in newly set-up commercial undertakings, or commercial undertakings increasing their capital, of Luxembourg nationality. Each taxpayer is entitled to an allowance of LFR 27 000, plus LFR 27 000 for the spouse and a further amount for each dependent child, which rises by stages from LFR 16 200 for the first child to a maximum of LFR 48 600. Risk capital investment carried out under these arrangements will be exempt from wealth tax until 1988, and the associated dividends will be exempt from personal income tax for five years. The measures apply to securities purchased in tax years from 1984 to 1988. They also apply to purchases of the units of collective investment undertakings specifically approved for the purpose, on condition that at least 75 % of the portfolio of the undertaking whose units are purchased is invested in transferable securities.

Netherlands (NL)

None.

United Kingdom (UK)

18.6 The Social Services Secretary announced that the uprating of pensions and other social security benefits next November will be based on the

increase in the retail price index in the year to May of 5,1 %. The cost of the increased benefits in a full year is put at UKL 1 600 million.

Greece (GR)

15.5 The remuneration of central government civil servants was increased by 6,9 % as from 1 May 1984 under indexation arrangements, to take account of the rise in the index from January to April.

26.5 The central government borrowing requirement for 1984 was covered by the USD 400 million loan issued on 23 May and the USD 150 million bond issue floated in London in April.

30.5 The Minister of Trade asked businessman and traders to draw up a list of their prices and charges for packaged products. The prices on the list will be compulsory at least until 15 October.

France (F)

13.6 The Council of Ministers adopted a supplementary training scheme for young people, to help combat unemployment: there are one million young jobseekers at present. Although it was originally intended that some 800 000 to 850 000 young people between 16 and 25 would take advantage of existing schemes, only about 500 000 have actually done so. The Government's aim is to increase the take-up to 725 000 in 1984-85. The new scheme involves:

- (i) 300 000 in-service training posts to introduce young people to work and enable them to adjust and acquire skills; the expenditure incurred by the firms offering the posts can be set against the apprenticeship tax in 1984 and, under certain conditions, against the vocational training levy;
- (ii) 70 000 places in educational establishments;
- (iii) 30 000 places on courses run by local authorities and artisanal bodies;
- (iv) 80 000 places on training courses run by the agency for adult vocational training and the national employment fund;
- (v) 130 000 places on apprenticeship courses;
- (vi) 115 000 places on vocational training courses for 16 to 18-year-olds and for 18 to 25-year-olds.

25.6 The Government floated its second loan in 1984 for a total of FF 12 000 million in two instalments. The first instalment, FF 4 000 mio at a fixed rate of 12,80 % for 8 years, offers subscribers the option of extending the maturity by four years in the first instance, and then by a further four years. This means that bearers may choose, in 1992, between redemption at par and holding the securities until 1996, when there will be a further opportunity for extending the maturity to the year 2000, when redemption will again be at par. The rate of interest for each four-year extension will be a function of the current average interest rates on Government loans with maturities of more than seven years. The second instalment, FF 8 000 million for 12 years, carries a revisable interest rate with the first coupon paying 12,30 %. After two years, in July 1986, bearers will be able to exchange their securities, on request, for fixed-rate bonds under the same conditions as the first instalment. If they do so, the rate paid on the second coupon will be cut by 2,30 points.

Prices (excluding VAT) in Luxembourg

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